

6300 State Contributions to the State Teachers' Retirement System

The state General Fund makes annual payments to the California State Teachers' Retirement System (CalSTRS) in order to reduce the retirement contribution burden on members and school districts.

Effective July 1, 2003, the annual General Fund contribution to the CalSTRS Defined Benefit Program is based on 2.017 percent of the members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. Current law also provides for an additional state contribution when the State Teachers' Retirement Fund has a normal cost deficit or unfunded obligation for benefits in place on July 1, 1990. This contribution is 0.524 percent of the members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. If the unfunded obligation continues, the 0.524 percent factor may be adjusted upwards annually in increments of no more than 0.25 percent and is capped at 1.505 percent of members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. The state contributions are not appropriated through the annual Budget Act.

The Supplemental Benefit Maintenance Account (SBMA), established in 1989, provides annual supplemental payments in quarterly installments to members whose purchasing power has fallen below a specified percentage of the purchasing power initial allowance. Chapter 751, Statutes of 2008 (AB 1389) increased the amount of supplemental purchase power protection payments from the SBMA to up to 85 percent of the value of the original benefit. CalSTRS Board is required to set SBMA benefits between those necessary to preserve 80 to 85 percent of retirees' purchasing power pursuant to CalSTRS regulations, subject to the availability of funds. The General Fund provides a statutory transfer to the SBMA of an amount equal to 2.5 percent of the members' creditable earnings of the fiscal year ending in the immediately preceding calendar year, less a specified amount. Two payments will be made on October 15 and April 15 of each year. If, at anytime, the funds in the SBMA are insufficient to support 80 percent purchasing power, the CalSTRS Board can: (1) transfer funds from the Teachers' Retirement Fund if no CalSTRS unfunded obligation exists; (2) increase employer contributions; or (3) reduce the SBMA benefit payment. The state's contributions are not appropriated through the annual Budget Act.

3-YR EXPENDITURES AND PERSONNEL YEARS

	Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
10 Benefits Funding	-	-	-	\$563,121	\$567,707	\$688,168
20 Supplemental Benefits Maintenance	-	-	-	627,955	632,653	605,064
30 SBMA Interest Payment	-	-	-	<u>56,980</u>	<u>56,980</u>	<u>56,980</u>
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	-	-	-	\$1,248,056	\$1,257,340	\$1,350,212
FUNDING				2009-10*	2010-11*	2011-12*
0001 General Fund				<u>\$1,248,056</u>	<u>\$1,257,340</u>	<u>\$1,350,212</u>
TOTALS, EXPENDITURES, ALL FUNDS				\$1,248,056	\$1,257,340	\$1,350,212

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code, Title 1, Division 1, Part 13, Chapter 16.

DETAILED BUDGET ADJUSTMENTS

	2010-11*			2011-12*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Revised Creditable Compensation	\$-	\$-	-	-\$49,041	\$-	-
• Pre-1990 Benefit Levels	-	-	-	141,913	-	-
Totals, Other Workload Budget Adjustments	\$-	\$-	-	\$92,872	\$-	-
Totals, Workload Budget Adjustments	\$-	\$-	-	\$92,872	\$-	-
Totals, Budget Adjustments	\$-	\$-	-	\$92,872	\$-	-

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

2 LOCAL ASSISTANCE	2009-10*	2010-11*	2011-12*
0001 General Fund			
APPROPRIATIONS			

* Dollars in thousands, except in Salary Range.

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2 LOCAL ASSISTANCE	2009-10*	2010-11*	2011-12*
Education Code Section 22955(a) (Benefits Funding)	\$563,121	\$567,707	\$688,168
Education Code Sec 22954 (Supplemental Benefit Maintenance Account)	627,955	632,653	605,064
Education Code Sec 22954.5 (Supplemental Benefit Maintenance Account - Interest Payment)	<u>56,980</u>	<u>56,980</u>	<u>56,980</u>
TOTALS, EXPENDITURES	<u>\$1,248,056</u>	<u>\$1,257,340</u>	<u>\$1,350,212</u>
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$1,248,056	\$1,257,340	\$1,350,212

* Dollars in thousands, except in Salary Range.